

Message Text

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ACTION NEA-10

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FM AMEMBASSY KABUL
TO SECSTATE WASHDC IMMEDIATE 3137

C O N F I D E N T I A L KABUL 4163

FOR: NEA/PAB; PAB PASS ALSO TO AMBASSADOR ELIOT

E.O. 11652: GDS
TAGS: EAIR, AF, US
SUBJ: PANAM/ARIANA RELATIONSHIP

REF: STATE 134938

1. EMBOFFS HAD EXTENDED DISCUSSIONS JUNE 13 WITH VISITNG
PANAM REPS ERSKINE RICE AND ALAN ROGERS CONCERNING
PANAM INTENTIONS RE ITS RELATIONSHIP WITH ARIANA.
RECOGNIZING LEGITIMACY OF PANAM DESIRES TO SHOW A RETURN ON
THEIR INVESTMENT, WE EXPRESSED CONCERN, IN LIGHT INFO
CONTAINED REFTEL, THAT SHOULD PANAM ACT PRECIPITOUSLY TO
ACCOMPLISH ITS AIMS, THIS WOULD LIKELY TRIGGER ADVERSE
REACTION BY AFGHAN GOVERNMENT (GOA), E.G., IMPOSITION OF
SOME FORM OF TAXATION OF ARIANA RESERVES OR OTHER
BUREAUCRATIC DELAYING TACTICS. THIS COULD FRUSTRATE
PANAM AIRMS AND SOUR THEIR RELATIONSHIP BOTH WITH ARIANA
AND THE GOA. WE FURTHER STRESSED THAT, IN OUR VIEW,
PANAM PARTICIPATION WAS VITAL TO CONTINUED EFFECTIVE
OPERATION OF THE AIRLINE. SUCH PARTICIPATION ALSO
SERVES OUR COMMERCIAL INTERESTS AND ENHANCES LOGISTICAL
SUPPORT FOR THE WHOLE U.S. COMMUNITY, OFFICIAL AND
PRIVATE, IN AFGHANISTAN. HENCE, WHILE WE WOULD NOT
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PRESUME TO MAKE FINAL EXECUTIVE DECISIONS FOR
PANAM, WE WOULD ADVISE AGAINST BOTH HASTY ACTION
AND A COMPLETE PULLOUT FROM THE OPERATION.

2. RICE EXPRESSED APPRECIATION FOR OUR VIEWS AND ASSURED
US THAT PANAM PLANNED NOTHING PRECIPITOUS (WE ARE
NOT ACTING "IN PANIC," HE SAID). PANAM, HE WENT

ON, HAD HAD SOME CONCERN OVER POSSIBLE NATIONALIZATION OF THEIR HOLDINGS (WE SAID WE HAD NO EVIDENCE THAT THE GOA PLANNED SUCH A MOVE) AND THAT HIS FIRM WANTED TO SEE A MORE REALISTIC ACCOUNTING EVALUATION OF THE WORTH OF ARIANA ASSETS. THIS WOULD AID IN LAYING THE GROUNDWORK FOR POSSIBLE DIVIDENT DISTRIBUTIONS. PANAM, HE SAID, HAD RECEIVED A \$100 THOUSAND DIVIDENT IN 1976, BUT THIS HAD BEEN THE FIRST SUCH DISTRIBUTION. ACCORDING TO RICE, PANAM HAS ALSO BEEN CONSIDERING A REDUCTION OF THEIR EQUITY INTEREST, BUT NOT RPT NOW BELOW THRITY-THREE AND A THIRD PERCENT, SINCE OTHERWISE, THEY WOULD LOSE THE RIGHT TO APPOINT THE ARIANA EXECUTIVE VICE PRESIDENT AND CONTROLLER. RICE PLANS TO EXLORE THIS IDEA WITH THE ARIANA BOARD AND, IF IT PROVES FEASIBLE, THE QUITTY REDUCTION WOULD BE PHASED OVER TWO TO THREE -- OR MORE -- YEARS.

3. RICE ALSO SAID THAT CHARLES BENNETT, THE CURRENT EXECUTIVE VP OF ARIANA AND WHO IS DUE TO DEPART AFGHANISTAN THE FIRST PART OF JULY, WOULD RPT WOULD BE REPLACED BUT HE COULD NOT YET SAY WHO THE REPLACEMENT WOULD BE. GLENN FLOYD, WHO IS NOW ACTING CONTROLLER, WILL BE REPLACED BY ALAN ROGERS, PROBABLY IN OCTOBER.

4. COMMENT: WE WERE RELIEVED TO HEAR RICE'S ENUNCIATION OF THE PANAM POSITION WHICH SEEMS TO CONFIDENTIAL

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US MORE LIKELY TO FURTHER THEIR INTERESTS THAN THAT INDICATED IN REFTTEL. WE ARE IN CLOSE TOUCH WITH THE VISITING REPS AND HOPE TO DEBRIEF THEM BEFORE THEIR DEPARTURE LATER THIS WEEK.

WOODWARD

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